

## **Reporting Guidance for Determining Rule Applicability**

### **for California's Mandatory GHG Reporting Program**

## **Introduction**

This document provides guidance for determining rule applicability of the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (title 17, California Code of Regulations, section 95100-95158) (reporting regulation or MRR), for 2013 data reported in 2014 and for data reported in future years. The California Air Resources Board (CARB) first approved the mandatory reporting regulation in 2007, with revisions in 2010, 2012, 2013, 2014, and 2017.<sup>1</sup> The 2016 MRR revisions became effective on January 1, 2018.

## **1 Source Categories**

The reporting regulation classifies three types of reporting entities: facility, supplier (of natural gas, CO<sub>2</sub>, and transportation fuels), and electric power entity. Rule applicability is determined based on the total emissions summed across all applicable source categories for each type of reporting entity. (However, reporting entities within the petroleum and natural gas systems sectors may be subject to different “facility” definitions. For additional guidance on these sectors, please see the Facts about Facility Definition Summary for Petroleum and Natural Gas Systems document available on the CARB GHG reporting website.)<sup>2</sup> As an example, the operator of a facility would determine the applicable source category for each emission source within the facility boundary and then sum the emissions from all emission sources to determine whether the facility is under or over the reporting thresholds in section 95101.

## **2 Reporting Thresholds**

The thresholds for GHG facility reporting are detailed in section 95101. Figure 1 provides a flow diagram that can aid a facility operator in determining rule applicability with the different reporting thresholds. Similar to the U.S. Environmental Protection Agency's Final Rule on Mandatory Reporting of Greenhouse Gases (Title 40, Code of Federal Regulations (CFR), Part 98) (U.S. EPA rule), Electricity

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<sup>1</sup> The regulation is available at <https://ww2.arb.ca.gov/mrr-regulation>.

<sup>2</sup> Guidance for GHG reporting is available at: <https://ww2.arb.ca.gov/mrr-guidance>.

generation units that report CO<sub>2</sub> mass emissions year round through 40 CFR Part 75, Cement production, Lime manufacturing, Nitric acid production, Petroleum refineries, Geologic sequestration of carbon dioxide, and Injection of carbon dioxide are subject to reporting regardless of their emissions level. For other source categories for which the U.S. EPA rule has established an emission threshold of 25,000 MT CO<sub>2</sub>e, excluding biogenic CO<sub>2</sub>, the California reporting regulation specifies that facilities with greater than 25,000 MT CO<sub>2</sub>e of emissions, *inclusive of all fossil and biogenic emissions*, are subject to the full reporting requirements. Table 1 provides a summary of the source categories and applicability thresholds in the reporting regulation.

For facilities with emissions between 10,000 and 25,000 MT CO<sub>2</sub>e, operators have the option to file an abbreviated report (section 95103(a)) using simpler emission calculation methods, and they are not subject to third-party verification, missing data substitution, and calibration and accuracy requirements. In threshold comparison and data reporting, these reporters must include all fossil and biomass-derived fuel combustion emissions. Beginning with the reporting of 2013 data in 2014, abbreviated reporters must include both emissions from stationary fuel combustion and process emission sources in their GHG reports and in comparison with the 10,000 MT CO<sub>2</sub>e threshold for determining rule applicability. If the sum of emissions from stationary fuel combustion and process sources exceeds 25,000 MT CO<sub>2</sub>e, the facility is not eligible for abbreviated reporting. For facilities in the Petroleum and Natural Gas Systems sector, they must also include vented and fugitive emissions in their threshold comparison and in their GHG reports.

The abbreviated reporting option is provided to help reduce the cost of compliance for smaller facilities. It is the responsibility of facility operators to conduct a comprehensive emission inventory of all emission sources at their facility and determine applicability using the correct sum of emissions to compare to the 10,000 or 25,000 MT CO<sub>2</sub>e threshold.

Beginning with the reporting of 2011 data in 2012, power plants and cogeneration facilities emitting between 2,500 and 10,000 MT CO<sub>2</sub>e that were subject to the 2007 version of the MRR are no longer required to report. Other facilities in the 10,000 to 25,000 MT CO<sub>2</sub>e range that were not subject to the 2007 version of the MRR started participating in the program as new reporters starting with 2012 data reported in 2013.

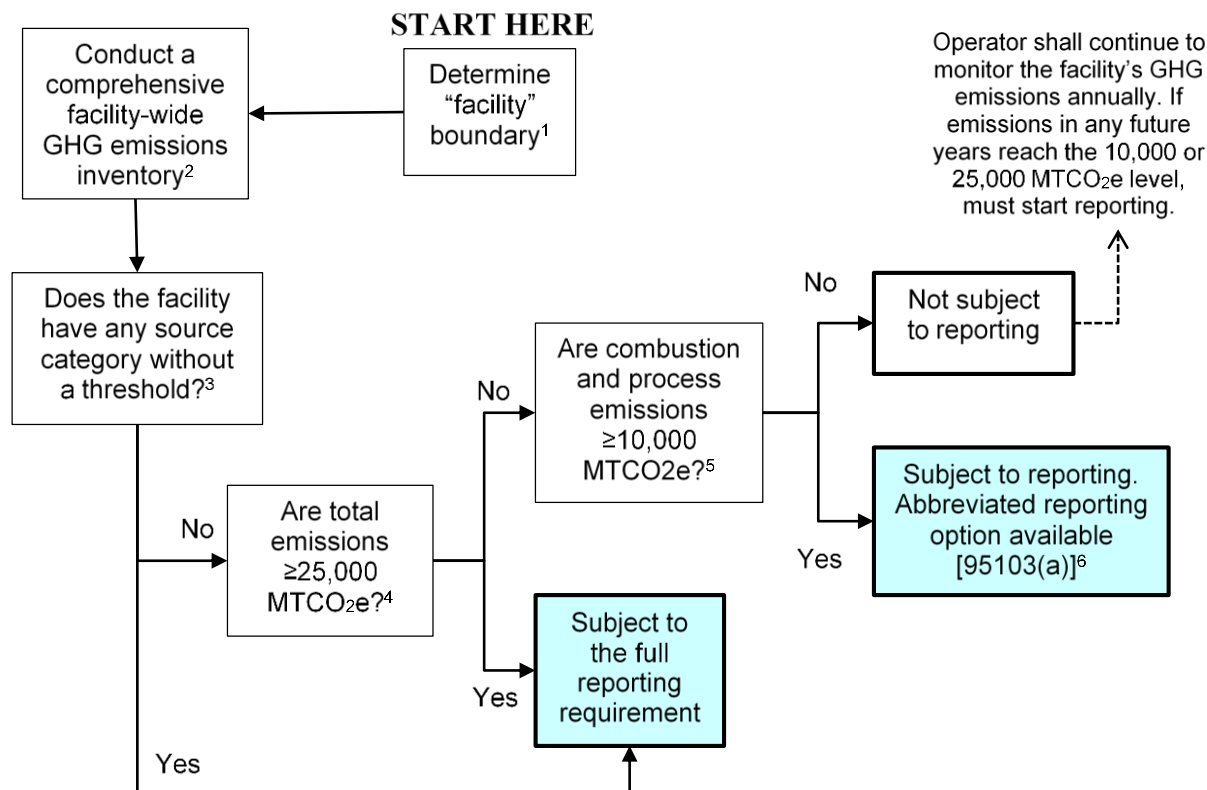
The reporting regulation also brings in certain suppliers of transportation fuels that are not covered by the U.S. EPA rule requirements. The reporting threshold for these suppliers is 10,000 MT CO<sub>2</sub>e (Table 1), and includes emissions that would result from the complete combustion or oxidation of the annual quantity of liquefied petroleum gas sold or delivered, except for fuel for which a final destination outside California can be demonstrated. Section 95121 requires transportation fuels 'delivered across the terminal rack' to be reported by the position holder. Fuel volumes must be aggregated annually by fuel type, and primarily include RBOB (CARBOB), ethanol, Diesel #2, and biodiesel.

All electric power entities, as defined in section 95102(a), must report all imported and exported electricity in order to verify generation sources, applicable emission factors, and exemption claims of emissions without a compliance obligation under California's cap-and-trade program (title 17, California Code of Regulations, section 95800 et seq.). There is no reporting or verification threshold for electric power entities. See the Cessation guidance for more information. Geothermal power plants are subject to the 10,000 MT CO<sub>2</sub>e and 25,000 MT CO<sub>2</sub>e thresholds similar to other source categories.

### **3 Covered Entities**

Reporting entities that are subject to the cap-and-trade regulation must submit an annual GHG emissions data report and obtain third-party verification services until they meet the cessation requirements of both the cap-and-trade regulation and the reporting regulation.

**Figure 1. Determine Rule Applicability for a Facility**



1 When determining the "facility" boundary, use the definition of facility in section 95102(a), except for 2 (out of 8) industry segments in section 95101(e), which should use the definitions for "onshore petroleum and natural gas production facility" and "natural gas distribution facility" in section 95102(a).

2 The facility-wide GHG emissions inventory must include all applicable emission sources within the facility boundary that are covered by California's reporting regulation.

3 These are 40 CFR Part 98 Table A-3 source categories explicitly referenced by section 95101(a) of the reporting regulation.

4 Total emissions include emissions from stationary combustion of fossil fuels and biomass-derived fuels and process emissions. Oil and gas facilities must also include vented and fugitive emissions, as well as emissions from flaring.

5 Include emissions from stationary combustion of fossil and biomass-derived fuels, as well as process emissions. Oil and gas facility operators must also include vented and fugitive emissions, as well as emissions from flaring in this threshold comparison.

6 The operator shall continue to monitor the applicable process, vented, and fugitive emissions annually. If the total facility emissions in any future years reach 25,000 MT CO<sub>2</sub>e, full reporting requirements apply.

**Table 1. Source Categories and Thresholds in the reporting regulation**

Source Category	40 CFR 98 Subpart	California Regulation	Threshold Comparison
<b>Facility (must report all applicable source categories within facility boundary)</b>			
<b>Stationary Fuel Combustion Sources: General</b>	C	95115	These source categories apply to most industry sectors. Unless the stationary combustion source is a part of an industrial operation with no threshold, the 10K or 25K MT CO <sub>2</sub> e thresholds apply.
<b>Stationary Fuel Combustion: Non-Part-75 Electricity Generating Unit (EGU)</b>	C	95115, 95112	
<b>Part 75 EGU</b>	D	95112	No threshold <sup>1</sup>
<b>Geothermal Power Plant</b>	--	95112	Emissions count toward threshold <sup>2</sup>
<b>Hydrogen Fuel Cell</b>	--	95112	Emissions count toward threshold starting with 2014 data reported in 2015 <sup>2</sup>
<b>Cement Production</b>	H	95110	No threshold <sup>1</sup>
<b>Glass Production</b>	N	95116	Emissions count toward threshold <sup>2</sup>
<b>Hydrogen Production</b>	P	95114	Emissions count toward threshold <sup>2</sup>
<b>Iron and Steel Production</b>	Q	95120	Emissions count toward threshold <sup>2</sup>
<b>Lead Production</b>	R	95124	Emissions count toward threshold <sup>2</sup>
<b>Lime Manufacturing</b>	S	95117	No threshold <sup>1</sup>
<b>Nitric Acid Production</b>	V	95118	No threshold <sup>1</sup>
<b>Oil and Gas Production</b>	W	95150-95158	Emissions count toward threshold <sup>2</sup>
<b>Petroleum Refineries</b>	Y	95113	No threshold <sup>1</sup>
<b>Pulp and Paper Manufacturing</b>	AA	95119	Emissions count toward threshold <sup>2</sup>
<b>Supplier</b>			
<b>Suppliers of Petroleum Products</b>	MM	95121	10K MT CO <sub>2</sub> e Threshold
<b>Suppliers of Natural Gas and Natural Gas Liquids</b>	NN	95122	10K MT CO <sub>2</sub> e Threshold; No Threshold for NG liquid fractionators
<b>Suppliers of Carbon Dioxide</b>	PP	95123	10K MT CO <sub>2</sub> e Threshold
<b>Power Entity</b>			
<b>Electric Power Entities</b>	--	95111	No threshold <sup>3</sup>

1 Section 95101(a)(1)(A) requires reporting regardless of emissions level until cessation requirements are met.

2 Unless otherwise specified in the rule, the 10,000 or 25,000 MT CO<sub>2</sub>e thresholds apply to all applicable emissions within the facility boundary. The facility boundary may include emission sources of multiple source categories, and the facility operator must report emissions from all applicable source categories.

3 Section 95103(f) requires verification of electricity importers and exporters. EPEs that only wheel electricity are required to report wheels, but are not subject to verification unless they have not met the cessation requirements in §95101(i).

#### **4 Applicability Changes Effective for 2018 Data**

Beginning with 2018 data, revisions to section 95101(b)(3) of MRR will affect how facility operators who report emissions associated with supplied fuels calculate emissions for the purposes of calculating emissions relative to the 10,000 MT CO<sub>2</sub>e reporting threshold and the 25,000 MT CO<sub>2</sub>e covered entity and verification thresholds. The revisions will require facility operators to sum emissions from stationary source

combustion and process emissions from the facility, with emissions associated with fuel supplied, including emissions from fractionated NG liquids, produced and imported LNG, imported CNG and LPG, and intrastate pipeline NG supplier emissions for threshold calculations.

For example, for 2017 data and prior years, a small gas plant that has 9,000 MT CO<sub>2</sub>e of combustion emissions annually, and 20,000 MT CO<sub>2</sub>e of supplied LPG emissions annually, would have considered those combustion and supplied emissions separately, and thus would not have exceeded the 25,000 MT CO<sub>2</sub>e thresholds for verification and Cap-and-Trade Compliance. Beginning with 2018 data, this fractionation facility would sum those emissions (29,000 MTCO<sub>2</sub>e) for the purposes of applicability. They would then be required to report the 9,000 MT CO<sub>2</sub>e of combustion emissions, 20,000 MT CO<sub>2</sub>e of supplier emissions, and total covered emissions equal to 29,000 MT CO<sub>2</sub>e (assuming a fuel source that is included in Cap-and-Trade). The fractionation facility would be subject to verification requirements and have a compliance obligation under Cap-and-Trade.